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UNCLAS SECTION 01 OF 02 BELGRADE 000844

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SUBJECT: SERBIA: BELGRADE MAYOR FINALLY NAMED

Summary

11. (U) Dragan Djilas, a leader of the Democratic Party and a close associate of President Boris Tadic, was named mayor of Belgrade on August 19 after months of coalition negotiations, following the May 11 municipal elections. Djilas formed a minority coalition government with Ivica Dacic's Socialist Party and the support - but not participation - of Ceda Jovanovic's Liberal Democratic Party. The new mayor identified infrastructure, fighting corruption, and development as his immediate priorities. End Summary.

The Deal

12. (U) More than three months after local elections and just four days before a legal deadline, the Belgrade City Assembly on August 19 finally elected Dragan Djilas, candidate of the Democratic Party (DS), as mayor of Belgrade. The assemblymen also elected Milan Krkobabic of the Party of United Pensioners (PUPS) -- the son of PUPS leader and Deputy Prime Minister Jovan Krkobabic -- as Deputy Mayor, and selected thirteen members of the City Executive Council (city government). All were proposed by Djilas. (Comment: In a purely Serbian twist, the late-50s Krkobabic Jr. represents the "youth wing" of the Pensioners Party. End Comment.)

13. (U) Many members of the opposition Serbian Radical Party (SRS), Democratic Party of Serbia (DSS), and New Serbia (NS) boycotted the assembly session. The session opened with 70 of 110 members present, before SRS members left to attend the funeral of SRS member Ranko Panic who died over the weekend of injuries sustained at the July 29 Karadzic protest. The SRS members left after very little debate, which came as a surprise to many observers given the announcement by SRS mayoral candidate Aleksandar Vucic that the party would use all democratic means to block the election of the mayor and city government.

14. (U) The new ruling coalition in the Belgrade Assembly will have a narrow majority of 58 out of 110 seats - 45 from the DS and 6 from the Socialist Party of Serbia (SPS), with minority support from 7 members of the Liberal Democratic Party (LDP). (After the May elections, the SPS initially signed a coalition agreement with the SRS and the DSS, but after forming the national government with the DS, decided to break the agreement and establish a coalition with the DS in Belgrade as well.) Ceda Jovanovic's LDP played a crucial role in the formation of a democratic government in Belgrade, which it conditioned on several issues such as the de-politicization and professionalization of the city administration. LDP is expected to propose candidates for some important positions in the Belgrade municipal administration, but will not be a formal coalition partner due to strong resistance from the SPS.

15. (U) In his first statement as Mayor, Dragan Djilas said his priority would be completing unfinished business and thanked the DSS representatives with whom DS and G-17 Plus had worked productively

during the previous administration, noting that there would still be room for people who did their job well. He called on the opposition to nominate representatives for public enterprises' executive boards and tender commissions. Djilas praised deceased Belgrade Mayor Nenad Bogdanovic for having "turned Belgrade into a metropolis." (Note: Bogdanovic died of cancer in late 2007 and the city had been operating under a caretaker government since then. End Note.) In a statement to the press later on August 19, Djilas listed his priorities as infrastructure (including bridges and a metro), fighting corruption, and new development.

Djilas Bio

16. (SBU) Dragan Djilas (DS) has a degree in aeronautical engineering from Belgrade University but made his success in advertising. He was known in the 90's for standing up to Slobodan Milosevic as a student leader and was one of the founders of the independent radio station B-92. He later withdrew from politics and concentrated on developing his advertising agency Ovation. It was not until after charismatic pro-Western Serbian Prime Minister Djindjic was assassinated in 2003 that Djilas resurfaced politically and became a friend and confidant of Boris Tadic. He is the head of the Belgrade chapter of the DS and is thought to be conservative but pro-EU integration. Djilas was Minister without Portfolio and National Investment Plan Coordinator in the previous Kostunica government.

Comment

17. (SBU) The election of a DS mayor of Belgrade is a significant milestone in modern Serbian political development, giving the

BELGRADE 00000844 002 OF 002

Democratic Party for the first time control of virtually all significant political institutions: the Presidency, the Government, the Parliament, and all the major cities. It is also significant that SPS and LDP, until recently sworn enemies, will cooperate in a government for the first time. The conditions appear ripe for the process of national political reconciliation that President Tadic has been advocating, assuming self-interest does not get in the way.

Post will immediately reach out to Djilas, who is already familiar with the issue and supportive, to reiterate the need for fast approval of the new Embassy project. End Comment.

BRUSH